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Problems of food distribution

[Albany, N.Y.]

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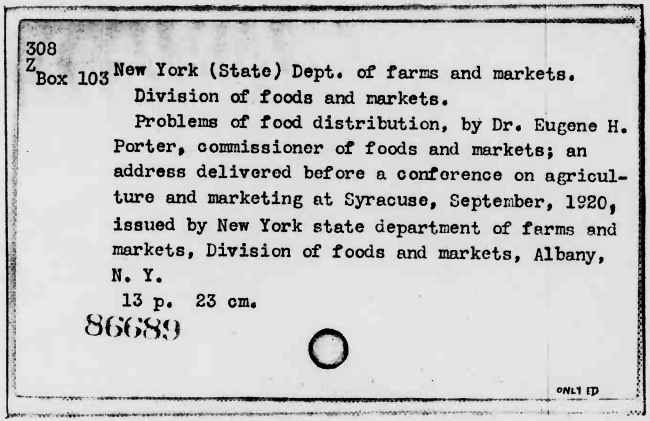
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By DR. EUGENE H. PORTER
Commissioner of Foods and Markets

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ISSUED BY
NEW YORK STATE DEPARTMENT
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PROBLEMS OF FOOD DISTRIBUTION

DR. EUGENE H. PORTER, *Commissioner of Foods and Markets*

It is with no little hesitation that I venture to undertake to present to this audience, particularly qualified as it is for a very complete understanding of the problems that confront us, even a cursory summary of the problems that are before us. The questions before us this morning are not political questions. The day of politics as we understand the term "politics," in its power to engross the interests of our citizens as a major proposition, has passed away. Unless the term "politics" is enlarged so as to embrace in its definition the term "economics," politics has ceased to be the dominant factor. Economic questions are the things that demand our urgent attention. It is not a question of candidates or of men, or the trend of this or that political party, today; it is a question of the solution of these economic questions that are vital to the Nation, that are pressing upon us and demanding some kind of an answer from those of us who are weighted down with the authority to deal with them, and it is for those of us who have such positions and exercise such brief authority to call upon the men of the State who may be in possession of greater wisdom and wider experience, to help us undertake a beginning of the solution of these grave questions.

We speak of economic systems and we treat them lightly in our nomenclature. We deal with them as if they were toys, to be put away today and brought out to be overturned tomorrow. That is because the public has a very incompetent knowledge of the great forces that lie behind the economic development and progress of the Nation. These questions that we are considering here this morning reach beyond the boundaries of a state; they far transcend the outlines of a nation; they are world-wide in their importance. My good friend, Commissioner Hogue, spoke of agriculture as the dominant feature in American life, and I think he said that when agriculture is prosperous the Nation is prosperous. Very true, and yet it seems to me that if we are to consider this question in its entirety, if we are to comprehend

its relationship, we must go one step further than a mere consideration of agriculture, important as that may be.

Napoleon once said — and he was a shrewd and caustic philosopher — that Providence generally fights on the side of the largest battalions. What are the battalions in business of the United States? Today the struggle in this world between the nations is not for territory, as such; it is not for the domination, as it used to be, of pastoral fields, the accumulation of flocks or herds, or even today the domination and control of the chief military points in the world. It goes deeper than that. Today it is the control of the coal and iron fields in this world of ours. Germany's idea, in the last war, was to increase her control of coal and iron. She proposed to hold the coal and iron of northern France; she proposed to hold the coal and iron fields of Belgium; she proposed to hold those of Hungary; and having done so, Germany would have controlled the commercial and manufacturing growth and power of Europe. It is coal and iron today that control the destinies of nations; and that is subsidiary to the proposition that wealth, the wealth of a nation, is the exploitation of the resources of Nature by man. That is to say, the development of the resources of a nation by the citizens of that nation today determines its importance. Its paramount development is in its coal and iron joined together, coming to their full coalition in the gigantic products of our factories. The United States today has five times the coal and three times the iron of all combined Europe; it has the bulk of the iron and coal of the entire world. Those are things that we must remember, as basic facts, in attempting to reach any sound conclusions of these economic questions.

America's Supremacy

We are proud to say that America — that is, the United States — leads in economic ventures; that we are first in agriculture; that we lead in the production of wheat; that our dairy production is the envy of the world; that our butter and cheese and all those things that our farms produce are the envy of all civilized nations. It is true that the productiveness of the United States has been unparalleled. It is true that in the last 20 years the

American workman has produced three times what the English workman has produced. It is true that the products of our factories have been sold at wholesale rates at the same terms that those of England have been sold, notwithstanding our paying three times the wages. Why? Because back of every individual workman in the United States was a power, and a plant, and machinery that was three times as strong and powerful and effective as they had abroad, and for that reason the productiveness of America excelled by far that of other nations. America's development has been due to two great factors: first, the tremendous increase of her man-power in the last 50 years, and secondly, by America's ingenuity — by her ambition and energy and determination and inventiveness, she has multiplied the productiveness of America and has outstripped the units of the entire world. That is very true.

I think those statements I have made cannot be refuted. But, my friends, unless information that I think we all are in possession of is very wrong, we are reaching a point where our productiveness is decreasing. The ratio of increase of our population is lessening, and our supremacy in the world's commercialism is seriously threatened.

Now agriculture produces, and in the old days, the distribution of products was a comparatively simple matter. Our population was mainly rural. The great assembling of our citizenship in the cities and towns had but just commenced; the assembling of capital centered in towns for the purpose of building up our trades and manufactories had only just begun. As time has gone on we have come to a point where the distribution of food is one of the burning and essential questions confronting us today. The last census, gratifying as it may have been to some of our citizens, is far from being gratifying to the student of economics or the student of the growth and development of the Nation. Twenty years ago 60 per cent of our people in New York State lived in the country and 40 per cent in the cities. Today you can reverse those figures and put 60 per cent in the cities and 40 per cent in the country. Every county in this State — unless I am mistaken, and I may be as to a few — as shown by the last census, has decreased in population; and

every city, or so nearly every city as not to make it worth while to notice the exception, has grown from 25 to 400 per cent and over; and every little village, every incorporated town, has shared in this increase of population. You can draw your own conclusions, gentlemen, what that means in the long run to this Nation.

One other fact before I take up specific instances. The value, in 1915, of the manufactured products of these United States of ours, approximated 25 billions of dollars — a sum, we can simply state, not exactly appreciate. The agricultural products, for the same time, approximated 13 billions of dollars. The sceptre had passed from the hands of agriculture into the hands of our manufacturing interests. The supremacy of agriculture in the United States has gone, and the kingdom of commercialism, as illustrated by our manufacturing interests, has arrived. In fact it arrived years ago.

Those are things that we must consider, because the very supremacy of these manufacturing interests, with their great aggregation of people in the cities and around manufacturing centers, has intensified and made more acute this problem of food distribution. Not only has our rural problem increased, but, on the other hand, the great mass of people in our cities has increased, and the number of people who have produced food has wonderfully decreased.

Many Phases of Food Distribution Problems

What are, in brief, some of the difficulties that we are confronted with? We are in possession today of an economic system of distribution which has grown up, in great part, since the beginning in England, in 1848, of the introduction of machinery. One of the greatest machines that was introduced in those days, although not recognized, was Stephenson's steam engine. That one machine has transformed the industries — I might say the social side, as well — of the entire world; and the United States today is the supreme Nation in railroading — not only as to the extent of its railroads, their cost and value, but as to the efficiency of its railroads. The United States, with one-quarter of the area of the great British Empire, has double the miles of railroads that Great Britain possesses in India and Australia, and

on the Island. It has more miles of railroad than the entire country of Europe, or practically so; and to our railroad system, and to its rapid development and efficient management in the past and present, we owe much of our supremacy in the world today.

Present System of Distribution

We have this economic system of distribution. It is not a thing that grew up last night; it is not a thing of prompt and speedy invention by you or me, or any other man, during the last month or last year. It is a thing that has come to us by evolution. It is the growth and exemplification of centuries of business development, crystallized, after a hard and bitter experience, into those principles, and directed along those lines that it now follows. Those who would overturn this system, who would resort to evolution in economics to accomplish their desires, are the same class of people who would overturn our government tomorrow because some of the things the government does do not suit them. They would resort to revolution, instead of evolving a process that would make our economic system adaptable and efficient. We have this system, and it is not to be disregarded lightly. Deep down in the hearts of our people, if I understand it, and particularly our farmers, there is a growing sense of bitter injustice that lurks somewhere in the workings of our government, as illustrated to them by our methods of transportation and our methods of marketing. It is felt by the farmer, and by the consumer, and we are here to face the facts as we may understand them. I am not engaged in propagating any views this morning; I want to tell you those things as they come to me as I meet our farmers, or talk to them in meetings. I say that they have a feeling that things are not right; that it does not pay to produce if that which is produced can no longer be sold or distributed at a profit; that somebody is getting that profit that the producer ought to get. And the consumer, on his side of it, feels that somebody is robbing him and adding to the price of the thing that he buys, when he should be benefited by a cheaper method of distribution of food. There you have it in a nut-shell, and that is a plain statement of the case.

I will go one step further. I am willing to state that, in my judgment, our present system of food distribution is one that is possessed of defects and weaknesses; that such men as you must undertake to remedy, and must undertake now. That is a very different thing from saying that we are going to overturn the whole social and economic system that we have in our hands today; but the weaknesses and the evils of our commission system, and the weaknesses of our marketing system, and the defects of our transportation system, are such that they demand — not beg or ask, but demand — such action in the immediate future as we, in our wisdom, may be able to devise.

Law of Supply and Demand

Now we are speaking of marketing, and we speak about the law of supply and demand. Do you believe in it, gentlemen? Do you think there is an immutable law of supply and demand? Is that one of nature's laws that can never be shaken? Is that one of the things that in business is always obeyed? Do you believe it? It might operate if man would take his hands off of it occasionally. It does operate in the larger transactions of business — those that reach up into millions, those that involve the interests and activities of our great banking houses and our greatest aggregation of capital. In those cases the law of supply and demand may operate, but not always. Let me give you an illustration of how it operated in New York City recently. A few weeks ago we had a glut in the market. You know how that happened. Potatoes and cabbages, fresh and desirable, were brought into the market by farmers. Cabbage was bought by the jobber and the wholesaler and the commission man at a cent a head. Potatoes were almost given away. The jobber and the retailer reaped a rich profit. Did the consumer in New York benefit? Not a solitary cent. Not a drop in the retail price. Where did the law of supply and demand come in? The farmer didn't know what the demand was, but the jobber who bought his potatoes knew. The consumer didn't know what the supply was, but the retailer who sold him the supplies knew. There was something in between that interfered with the operation of the law at that time.

I am perfectly well aware, in discussing this, that I should not attempt to draw a specific instance for a general rule. It is impossible for a retailer to drop his price every day. But this was a glut that continued not for one day, but for ten days or more. I am only mentioning that to show you that the law of supply and demand does not always operate.

Marketing and Markets

Now in regard to marketing. Marketing is one of those things that has lately been forced upon our attention. It was a matter of considerable astonishment to me some years ago, when I undertook to investigate this matter, to find that there were no books on marketing worthy of consideration except perhaps one. The only thing I could find that was of real value, in connected form, was the initial report of the Bureau of Markets at Washington, published by some experts who, after some years of study, put out this report on marketing as a preliminary statement. Since then we have added something to the literature and our knowledge of marketing. However, it is not yet complete. We are still woefully ignorant of many of the things and many of the facts that enter into the solution of the complicated question of markets and marketing. You speak of municipal and farmers' markets. What do you mean by those? What do you call a farmers' market and what is a farmers' market? The variation and multiplicity of terms illustrates the uncertainty of definite knowledge of what markets may be.

We have undertaken here in this State in the last few years — not extensively, because of lack of help and appropriations — a survey of the cities of the State, to find out what the exact conditions were in the towns, what the surrounding territory could supply, what the transportation systems were, what kind of people lived there, what their habits had been in the past, what the transportation lines were, what sites might be most available, and so on, so that when the time came we would be in a position to aid these people to establish a market.

A great many of our people think that railroads ought to establish markets. A great many people think the State ought to establish markets. I am not going into a discussion of that

particular point, because those views, in some instances, may be correct. You understand that I am not standing here this morning because I regard myself as an expert in these things; but I believe this, and my information has led me to this conclusion: Our government is not a government instituted to do things for people; it is a government for the administration of justice and to grant protection, and then it is up to the people to do those things that ought to be done and that they are able to do. The things that they are unable to do the State should so far as possible do for them.

I believe that every city must solve its own marketing questions. If you and I can aid them by suggestions or advice, or if we, as State officials, can give them the benefit of the endorsement of the State and its influence and advice, we ought to do it.

New York has a great problem facing it in the establishment of terminal markets. All the stuff in New York, as you know, comes down below Canal street, in that congested district, and a more active and efficient transportation effort on the part of the railroad, no matter how efficient it may be, is blocked and counteracted by that impediment of traffic which exists in the congested streets of New York. At the same time that system in New York, considering that 2,000 loads of food go into that city every 24 hours and are distributed before you and I get out of bed in the morning, evidently possesses some degree of efficiency. And yet it should not be considered for a moment the system that you and I ought to sit down tamely and endure. We are as much interested in that market situation as the people in New York. We want to get our stuff down there as cheaply and efficiently as the consumer wants to get it. As soon as the people come to a knowledge of the actual situation, and the consumers and producers stand together in the same boat, the more rapidly will we be able to approach a solution of the question.

One thing about a farmers' market. There is not a farmers' market, as such, that exists in the state of New York, with perhaps three exceptions, and those are singular and peculiar in themselves. One is a market that exists 80 miles south of us, in Johnson City. It is a market instituted by George F. Johnson and supported by him, and supported along those efficient lines on

which he has built up his great business of shoemaking. There is a market where 250 or 300 farmers come in three mornings a week, and where the people come. A gun is fired when the farmers arrive, and within three hours of that time every wagon is stripped clear of its products. I will sum it up by saying it is done by efficient management.

Gentlemen, these are things which you and I could talk about for a month; there are so many of them.

Transportation

In regard to transportation. To our friends the railroad men who are here today, I want to say this: I think we ought to indulge — it will be an indulgence in comparison with some of the other things — in educational work as to the loading and unloading of cars. Then there ought to be by the railroads, if possible, a more prompt movement of perishable freight. There is a weakness, my railroad friends who are here, that I think you can do something to better. Then, too, we ought to put back to its former degree of efficiency our refrigerating methods for the State of New York. We lost those, to a great extent, during the war. Of course, I know something of the condition of the railroads; I know the condition in which they were given back to their original owners, and I know something of the spirit of the railroad men. It is a spirit of the heartiest cooperation — the greatest desire to serve not only the agricultural public but the entire public, and particularly to do everything they can to meet our requests, so that we can get relief to some of the producers up state. I want to suggest also, on behalf of the Division, that we get together and make some kind of a permanent arrangement so that we will be able, at any time, to bring to your attention, on the various railroad lines of this State, any particular difficulty that may arise.

Cold Storage

In regard to cold storage. I will not read the figures here; I only want to make this point. Last year we had the public cold storage warehouses. That particular work of my Division is perhaps the most efficiently organized and completely organized of any special line of work that we are engaged in, and, being

a routine piece of work, we were able to work that out with comparative ease. Every one of the public warehouses has been carrying out the law. As far as profiteering is concerned, there is practically none. This last winter there was a law passed that put under our control a lot of private cold storage warehouses, because there were a lot that we didn't know anything about. We not only knew nothing of when food went in or came out, but we knew nothing of how much was stored, or what it was stored for. All those things now are under the control of the Division. That is an exceedingly good thing, so far as to prevent an attempt in speculation of food. But I want to say to you what I really believe to be more important than that, so far as agriculture is concerned and marketing is concerned: I believe that if the farmer today is to derive the greatest possible benefit from his productiveness, he must immediately consider the advisability of the construction of cold storage warehouses for his products. That is a question for organizations of fruit growers and vegetable growers, and of stock-men, to consider; because if the farmer finds a glut in the market of a certain commodity, and through his organization finds a place where he can store these commodities, he is, to a certain extent, released from the vicissitudes of marketing and the exorbitant rates of middlemen.

Waterways and Highways

One more thing about transportation. Here I want to say a word about the Barge Canal. I think that is a question we ought to consider. Our bond issue for the Barge Canal is $154,000,000. Our annual cost of upkeep is about $2,000,000. This great canal will cost us, before we get through with it, at least $200,000,000 or more, because the terminal facilities are not completed, and there are not, along this entire canal, any terminal facilities in connection with the railroads, so that any traffic can come to this canal and be competently received. What did we do in 1919? We had a total traffic of 1,700,000 tons. One-third was sand and gravel, one-third coal and iron, and one-third was grain and miscellaneous freight. Just weigh those items in your mind.

It is claimed by certain men who undoubtedly know much more about it than I do — and yet I instinctively feel there is

something wrong in their logic somewhere — that our waterways are out of date and obsolete, and belong to the days of Noah and the ark. In those days there was nothing said about the utility of the waterways, but it is claimed now that the magnificent waterways of the United States, with navigable waters greater than all of Europe and the British Empire combined, must be thrown aside for the railroads. That may be so, but is it so? I noticed the other day that the railroads out West had requested that the freight rates on canals be placed below the railroad rates. Why? Because the railroads have got so much to do now that they can't carry the stuff of the United States. If that be true, I can't see why the canals of New York can't be made one of the greatest factors in solving the question of the transportation of food.

Then the question of highways. We have been building great trunk lines, and yet in many of our rural communities, for three or four months every year, it is impossible to move even a light wagon loaded with more than 500 pounds. In those places roads can be put in for $8,000 or $9,000 a mile, which would be adequate for the purpose. Of course they are not the most expensive roads, but roads which will answer the purpose.

Now, gentlemen, there are many other things that I could bring to you for consideration. There is one matter and that is the question of standardization and grading. If the railroads are going to be able to transport our food commodities to the greatest advantage, one of the things we have got to do is to grade our goods and standardize our packages. If we are going to market our commodities to the best advantage and reduce the middlemen, we have got to standarize and grade our products. There is no question about it. We must wake our farmers up to the fact that one of the greatest things in front of them in New York is the grading and standardization of products.

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